

Message Text

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12

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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ARA/ECP:MDAVILA (DRAFT)

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AGRICULTURE::#-4;36 (DRAFT)

VOOMERCE:GBARE (DRAFT)

STR:SLANDE/RMATTHEISEM WKDRAFT)

TREASURY:MCHAVIS (DRAFT)

L/EB:CPITMAN (DRAFT)

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FM SECSTATE WASHDC

TO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: GATT, ETRD, EEC

SUBJECT:GATT HANDLING OF LOME CONVENTION: EC COMMISSION
CONSIDERATION OF WAIVER-LIKE APPROACH

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REFS: (A) GENEVA2338, (B) EC BRUSSELS 3162,
(C) EC BRUSSELS 1601 (3/23/73), (D) GENEVA2739,
(E) STATE 171057 (8/6/74), (F) STATE 165478 (8/21/73),
4/25/75 GLITMAN-BRUNGART TELCON.

1. AS MISSION GENEVA ANTICIPATED (PARA 1 REFTTEL A), USG ATTRACTED BY LUYTEN SUGGESTION THAT GATT DECISION RESEMBLING WAIVER BE USED TO DEAL WITH REGULARIZING LOME CONVENTION UNDER GATT. OUR PREFERRED APPROACH AS MISSION NOTED IN DISCUSSION REPORTED REFTTEL A WOULD BE ARTICLE XXV WAIVER BUT PROPERLY DRAFTED WAIVER-LIKE DECISION COULD BE ACCEPTABLE FROM USG POINT OF VIEW. (IT WOULD BE ACCEPTABLE TO US IF LATIN AMERICANS AGREE.) JUSTIFICATION IN SUCH DECISION SHOULD BE BASED ON EVOLVING HISTORICAL TIES BETWEEN EC AND ASSOCIATED COUNTRIES WITHOUT REFERENCE TO PART IV OR ARTICLE XXIV. ABSENCE OF REVERSE PREFERENCES REQUIREMENT CAN BE CITED AS ADVANTAGEOUS TO DEVELOPMENT INTERESTS OF ASSOCIATED STATES. HOWEVER, BECAUSE SPECIAL PREFERENCES DISADVANTAGE OTHER DEVELOPING COUNTRIES, WE WANT TO AVOID LANGUAGE IN DECISION WHICH WOULD CITE

DEVELOPMENT OBJECTIVES.

2. ACCORDINGLY, WE WOULD FIND ACCEPTABLE EC APPROACH TO GATT JUSTIFICATION WHICH PARALLELED IN FORM THE DECISIONS ON UAR-INDIA-YUGOSLAVIA AGREEMENT OR INTRA-LDC PREFERENCES AGREEMENT. IN TERMS OF SUBSTANTIVE JUSTIFICATION, WHOLLY NEW LANGUAGE WOULD BE NEEDED AND USG WOULD WANT TO WORK WITH EC IN DEVELOPING AGREED TEXT. WE FEEL IT IS NECESSARY TO HAVE LANGUAGE ON EC PREPAREDNESS TO CONSULT ON IMPAIRMENT OF BENEFITS OR ADVERSE TRADE EFFECTS (AS IN GATT DECISION ON INTRA-LDC AGREEMENT) CONSISTENT WITH CASEY FIFTH POINT RE EC WILLINGNESS TO SEEK SOLUTIONS WHERE PROBLEMS ARISE FROM SPECIAL PREFERENCES. WE WOULD WANT DECISION TO PROVIDE FOR ANNUAL REPORTING REQUIREMENT ON EC-ARP TRADE AND REGULAR REPORTS TO GATT OF CHANGES IN THE AGREEMENT. OPPORTUNITY SHOULD BE PROVIDED FOR REVIEW OF CHANGES AND FOR FULL REVIEW OF LOME CONVENTION AT END OF FIVE YEARS. AS IN CASE OF TRIPARTITE AND INTRA-LDC AGREEMENTS, DECISION SHOULD ALSO INCLUDE DISCLAIMER STATING THAT IT SHALL NOT LIMITED OFFICIAL USE
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BE CONSTRUED AS AFFECTING ANY RIGHT OF ANY CP UNDER THE GENERAL AGREEMENT.

3. WITH REGARD LONG PROPOSAL TO BRING PART IV "UP TO DATE," WE BELIEVE THIS BEST HANDLED IN LONG TERM CONTEXT OF MTN WORK ON BROADER GATT REFORM ISSUES. WE BELIEVE THAT PATTERSON CONCERN OVER LDC PRESSURES FOR A NEW INTERNATIONAL TRADE ORGANIZATION WITHIN THE UN AND POSSIBLE USEFULNESS OF GATT REFORM AS ALTERNATIVE (REF D) ARE IMPORTANT CONSIDERATIONS WHICH NEED TO BE LOOKED AT SEPARATELY FROM LOME QUESTION.

4. IN INFORMING EC REP OF USG RESPONSE TO SUGGESTION RE WAIVER-LIKE APPROACH TO GATT REGULARIZATION OF LOME CONVENTION, MISSION GENEVA SHOULD INDICATE THAT US RESPONSE IS BASED ON ASSUMPTION THAT LUYTEN PROPOSAL HAS BEEN OR SHORTLY WILL BE ADOPTED BY COMMISSION AS A WHOLE AND IS ACCEPTABLE TO LATIN AMERICAN STATES. ALSO, EC REP SHOULD BE INVITED TO DEVELOP DRAFT TEXT ALONG LINES SUGGESTED PARA 2 ABOVE. ONCE US AND EC IN GENERAL AGREEMENT, AND AFTER EC AND/OR ACP MEMBERS (E.G., CARIBBEAN MEMBERS) HAVE MADE INITIAL SOUNDINGS OF LATIN AMERICAN COUNTRY VIEWS, WE WILL WISH TO CONSULT (IN GENEVA) WITH KEY LATIN AMERICAN REPS TO OBTAIN THEIR REACTIONS BEFORE MAKING FINAL DECISION. US REPRESENTATIONS TO THIRD COUNTRIES WOULD NECESSARILY AWAIT AGREEMENT ON DETAILS OF APPROACH AND CAREFUL COORDINATION WITH APPROACHES BY EC AND BY ACP COUNTRIES. ALTHOUGH US IS PREPARED TO BE HELPFUL, PRIMARY RESPONSIBILITY FOR SEEKING SUPPORT FOR AGREED GATT APPROACH WILL NECESSARILY REST WITH EC AND ACP MEMBERS. (SEE REFTEL F, PARA 1 RE U.S. COMMITMENT TO BE HELPFUL AND REFTEL E,

PARA 4C RE EC PLAN TO WORK WITH ACP MEMBERS TO OBTAIN OTHER LDC SUPPORT.)

5. FOR GENEVA: WE BELIEVE MISSION SHOULD FIRST APPROACH LUYTEN INFORMALLY TO CONVEY U.S. THINKING ON QUASI-WAIVER APPROACH. ONCE COMMISSION HAS AN AGREED POSITION, MISSION MAY PROCEED, IF APPROPRIATE, WITH STEPS SUGGESTED PARA 4.

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6. FOR EC BRUSSELS: MISSION SHOULD APPROACH APPROPRIATE COMMISSION OFFICIALS INFORMALLY, NOTING U.S. UNDERSTANDING THAT CONSIDERATION IS BEING GIVEN WITHIN EC TO PROPOSAL OUTLINED REFTEL A AND INDICATING, ON OUR ASSUMPTION THAT PROPOSAL HAS COMMISSION SUPPORT, THAT U.S. INITIAL VIEW IS AFFIRMATIVE (WITH CAVEATS IN PARA 4 ABOVE AND PARA 7 BELOW).

7. BOTH MISSIONS SHOULD MAKE CLEAR TO EC COMMISSION REPS THAT U.S. COOPERATION IN SEEKING GATT SOLUTION IS BASED ON CASEY-SOAMES UNDERSTANDING, INCLUDING SPECIFICALLY U.S. COMMITMENT TO GSP, ELIMINATION OF REVERSE PREFERENCES, EC UNDERTAKING RE GEOGRAPHIC LIMITS OF EC PREFERENTIAL ASSOCIATIONS (STRESSING U.S. CONCERN OVER EC-IRAN PROPOSAL) AND U.S. EXPECTATION THAT EC WILL BE PREPARED TO SEEK SOLUTIONS TO SPECIAL PREFERENCE PROBLEMS ARISING FROM THE LOME CONVENTION. JISSINGER

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